

5.0 "Show me the money!" How to get paid on time

So your first invoice has been sent to the client and you are expecting payment in seven, fourteen or thirty days. Does your business just wait for the payment to materialise in the bank as if by magic? If so the first indication your company will have that something is amiss is when the payment fails to arrive.

The key to successful credit control is to be proactive in the handling of your outstanding invoices. By following the simple points below you will not only ensure your payments arrive on time, but also have early warning of any problems.

Step 1: Approximately one week after issuing the invoice – and prior to the expected payment date – make contact with the client by telephone or email. Confirm the invoice has been received and that there are no issues with the services provided so far.

Step 2: On the due date ensure that you send a statement if no funds have been received. Remember that a statement is just that: a statement of the account, it is not a request for payment.

Step 3: At seven days overdue send a reminder letter or email to the client requesting payment.
(See suggested letter 1)

Step 4: Between seven and fourteen days overdue a call should be placed to accounts payable to query why no payment has yet been received. Make a note of any promise of payment.

Step 5: At fourteen days overdue a second stronger letter requesting payment and warning of further late payment charges should be sent to the client. (See suggested letter 2)

Step 6: From day fifteen to day thirty you should make regular contact with the client by telephone to ascertain the reason for the delay. If you have made provision for cessation of work due to non-payment, then this must now be illustrated to the client.

Step 7: Keep notes of any calls or emails sent to or received from the client regarding payment. This will aid your company should a promised payment not arrive, as you will have the record of the broken promise.

Step 8: If no payment is received by day thirty, then your company must carefully weigh up the risks involved in continuing to supply services that have yet to be paid for. Can your organisation survive should the next invoice be unpaid?

If you have an account unpaid at thirty days overdue **do not hesitate** to cease supply of services to the client. Whilst Safe Collections appreciate that many freelancers and contractors will have built up strong personal relationships with the client or agency in question, above all else this is business and must be treated as such.

Remember, a sale is not a sale until the money is in the bank!